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August 8, 2008

BY CM/ECF

Hon. Catherine C. Blake
United States District Judge
United States District Court for the
District of Maryland
101 W. Lombard Street
Baltimore, Maryland 21201

**Re: The Bill Lukowski Steamship Agency, et al. v.
M/V SNOW BIRD, *in rem*, et al.,
Civil Action No. 08-1077 CCB**

Dear Judge Blake:

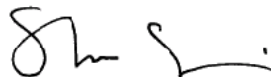
We write further to Merlin's pending motions for sale of the M/V SNOW BIRD ("Vessel") and to amend Merlin's complaint to add Supplemental Rule B and D claims.

We received a call from the management of Sparrows Point Shipyard, who have been in discussions with Consol (the owner of the Canton Marine pier, where the Vessel has remained at arrest since the end of April) about moving the Vessel from Canton Marine to Sparrows Point. Consol also has contacted us about this. The "bottom line" of the discussions is that while Consol is willing to have the Vessel remain at Canton Marine if a Marshal's Sale is held within a relatively short time, it will insist that the Vessel be moved if there is no sale.

Any movement of the Vessel will require the further expense of about \$5,000 - \$8,000 for tugs, linehandling, and docking pilot. This would be a further custodial expense against the Vessel, in addition to the wharfage fees still overdue to Canton Terminals (now, exceeding \$41,000). If Vespucci (owner) does not pay the cost of moving the Vessel, then, claimants Merlin, Lukowski and Gloucester may have to front that \$5,000 - \$8,000 cost and for that matter, further costs of keeping the Vessel, which could exceed the \$800/day that Canton presently is holding on account.

Merlin and Gloucester, and Lukowski, continue to be concerned that with the passage of time custodial costs are increasing so that, the net price from a U.S. Marshal's sale of the Vessel will not be enough to pay their claims. As Merlin and Gloucester reported on July 25th (Docket No. 88), at that time with a gross U.S. Marshal's sale price of \$550,000 (and not even this would be guaranteed) there would only be a margin of about \$64,000; we estimate that with any movement to Sparrows Point and with further prejudgment interest accruing on the claims, any margin has continued to decrease. In the meantime, as well, there has been no further reported movement whatsoever by Vespucci to satisfy the U.S. Coast Guard's requirements.

Respectfully Submitted,



J. Stephen Simms

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